Project Tracking No.: P-006-FY06-DOR

Return on Investment (ROI) Program Funding Application

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FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform post implementation outcome audits for all Pooled Technology funded projects and may perform audits on other projects.

This is a Pooled Technology Fund Request. Amount of funding requested: $792,000.00

Section I: Proposal

Date:	7/11/2004
Agency Name:	Department of Revenue
Project Name:	Electronic Tax Administration
Agency Manager:	Rich Jacobs
Agency Manager Phone Number / E-Mail:	(515)281-3488 / richard.jacobs@idrf.state.ia.us
Executive Sponsor (Agency Director or Designee): Michael Ralston	

A. Project Summary

Describe the nature and use of the proposed project, including what is to be accomplished, how it will be accomplished, and what the costs and benefits will be.

Response:

The Electronic Tax Administration initiative (ETA) will continue to leverage recent investments in technology made by the Iowa Department of Revenue (IDR) to migrate paper based filing/payment processes to Electronic Services offered to our customers. The primary areas of emphasis for FY 06 include: 1. E-FILE APPLICATIONS will be developed to encourage electronic filing of tax returns filed by partnerships, corporations and estates. Each of these applications would provide benefits for approximately 25,000 to 50,000 for each tax type identified. Additionally plans will be implemented to assist in the filing and on line processing of documents filed annually under Real Estate Transfer program. This application will result in increased efficiencies and improved accuracy of data for the over 100,000 property tax transfer records submitted annually by Iowa's County Assessors and used by IDR for the establishment of property values 2. MARKETING AND EDUCATION--building on the Business E-File applications to be completed in FY 05 the agency intends to further the acceptance of e-filing of tax returns through a concerted effort of marketing/education regarding current IDR's E-Services. These efforts will include direct marketing, training to targeted groups of customers and media advertising regarding the benefits achieved from use of the E-filing and E-payment applications developed for income tax, sales, withholding and motor fuel tax. The program also includes expanded Customer Support Services for the expected increase in volume of electronic filed returns and payments 3. PROCESSING RE-ENGINEERING--While encouraging the use electronic services will continue to be a focus of IDRs Electronic Services, the department recognizes that the agency's processing systems are aging. Without improvements, IDR will be in danger of providing two levels of service; one for those who utilize electronic services and a lesser quality of service for those who must or elect to file on paper. The proposal anticipates activity in two areas: a)Front End Processing--Funding is requested to complete and implement a pilot program to re-engineer current processes for data capture and retrieval of information from paper filed transactions.The extensive number of taxes administered by the agency and the time required for customer acceptance of electronic filing in some taxes will necessitate that paper processing for several taxes continue for some time. b) Legacy Database Migration-Completion of feasibility analysis and execution on a pilot project basis of the migration of one or more critical components of IDMS mainframe applications to an alternative database/application strategy. The current legacy database while a critical

asset of the agency is dependent on technology developed prior to current relational databases and relies on application development tools that are difficult to support.

B. Strategic Plan

How does the proposed project fit into the strategic plan of the requesting agency?
Response:

Electronic Tax Administration (ETA) is a strategic initiative of agency to foster the electronic filing and payment of state and local taxes and to encourage department customers to utilize self-service capabilities to electronically retrieve or report information to be maintained by the agency. Expansion of the IDR Electronic Services, currently serving over one million customers, will directly support Governor Vilsack's policy initiatives to encourage use of electronic services to meet customer needs.

C. Current Technology

Provide a summary of the technology used by the current system. How does the proposed project impact the agency's technological direction?
Response:

IDR's technology platform includes a diverse set of technologies ranging from mainframe batch applications developed in the 1970s to state-of- the- art web based applications implemented in recent years. The FY 06 Electronic Tax Administration program will continue the evolution of the use of technology through: a) Development of additional applications using web based technologies to encourage additional electronic filings b) Re-engineering of certain processing activities to modernize data capture and display of data thereby eliminating the need for storage of significant volumes of paper documents that will continue to be received into the foreseeable future. c) Execution of a feasibility study and pilot project to migrate certain legacy applications from an historical network database infrastructure to more modern technology. The current technology relies on an expensive to maintain mainframe networked database infrastructure. It is has been increasingly more difficult to obtain application resources for this technology as the IT industry moves to relational databases. In addition as the customer base for the product has declined, the costs for support of the mainframe licenses continue to escalate.

D. Statutory or Other Requirements

Is this project or expenditure necessary for compliance with a Federal law, rule, or order?
☑ YES (If "Yes", cite the specific Federal law, rule or order, with a short explanation of how this project is impacted by it.)
Explanation:
Federal and State law required the department to maintain the security of the data obtained from tax return filings. The proposed E Services enhancements and the re-engineering of legacy applications will insure compliance

Is this project or expenditure required by state law, rule or order?

☑ YES (If "YES", cite the specific state law, rule or order, with a short explanation of how this project is impacted by it.)

Explanation:
State law contained in Chpts 421, 422 provides that filing of tax returns and payment of taxes provides information that must be treated as confidential. In addition voluntary tax compliance is dependent on taxpayers belief that information they use will be used for tax adminstration only. To insure compliance with tax laws and to maintain confidence of taxpayers, the department has designed an infrastructure that provides for security of data. The re-engineering of tax applications and the additional E Service applications discussed in this proposal are required to meet these requirements

Does this project or expenditure meet a health, safety or security requirement?

☐ YES (If "YES", explain.)

Explanation:

Is this project or expenditure necessary for compliance with an enterprise technology standard?

☑ YES (If "YES", cite the specific standard.)

Explanation:
In providing the services outlined, the department intends to comply with the standards relating to e-payment, eforms and the use of appropriate application development tools and databases. Such compliance has been a component of all e-services applications completed by the agency.

[This section to be scored by application evaluator.]

Evaluation (20 Points Maximum)
If the answer to these criteria is "no," the point value is zero (0). Depending upon how directly a qualifying project or expenditure may relate to a particular requirement (federal mandate, state mandate, health-safety-security issue, or compliance with an enterprise technology standard), or satisfies more than one requirement (e.g. it is mandated by state and federal law and fulfills a health and safety mandate), 1-20 points awarded.

E. Impact on Iowa's Citizens

a. Project Participants

List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, other levels of government, etc.) and provide commentary concerning the nature of participant involvement. Be sure to specify who and how many **direct** users the system will impact. Also specify whether the system will be of use to other interested parties: who they may be, how many people are estimated, and how they will use the system.
Response:

E-SERVICE APPLICATIONS-- By the end of FY 05 OVER ONE MILLION customers will annually take advantage of IDR's E- Services to file both income and business tax returns. The department, however, will continue to support thousands of customers who currently file by paper. By developing additional E-File applications, IDR will provide new electronic filing opportunities to customers such as financial institutions, tax professionals and legal representatives as well large and small businesses. With the inclusion of the property tax application into the program, it is anticipated that department will work closely with over 100 county and city assessors to design a system which will benefit not only the performance of the property tax administration functions but improve the efficiency of filing of over 100,000 Real Estate Transfer documents by those selling real estate within Iowa.

MARKETING AND EDUCATION-The targeted marketing components of the initiative will be aimed at approximately 500,000 individuals and thousands of businesses who are prime candidates to take advantage of existing applications.

PROCESSING RE-ENGINEERING The re-engineering of department infrastructure will involve the active participation of large sectors of the department's processing staff and other end users of the agency's IT applications

b. Service Improvements

Summarize the extent to which the project or expenditure improves service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.
Response:

1.E-SERVICE APPLICATIONS--The agency is requesting funding to complete additional E-File applications for tax types that have not been included in the portfolio of E Services. It is anticipated that these applications will include several tax returns which have significant complexity but lower volumes of activity occurring each year. Examples include tax returns filed by partnerships, corporations and estates and trusts. Each of these applications would provide benefits for approximately 25,000 to 50,000 customers for each tax type identified.

The project goals also include development of an improved method for Real Estate Transfer Report

processing. Currently the process begins with the completion of the documents at the local government level which are sent to IDR for manual data capture. The information is captured and processed in a "mainframe batch mode which must be repeated several times until a correct database is available. Once available, the data is shared in batch reports with the county officials who conduct a review and identification of data that will be "acceptable for use" in the property tax analysis known as equalization. This equalization process insures equity in property tax valuations across the state which helps insure fairness in the distribution of billions of dollars of state aid through the School Foundation Aid Program.

The goals of the Real Estate Transfer application include:
oAutomate the data capture and submission of data to department using web based technologies.
oDevelop online error resolution activities that permit IDR to more efficiently review and finalize data. IDR also wishes to provide online access to local officials who will interactively participate in the selection of records for incorporation into the equalization database.

The primary external beneficiaries of the application will be the county and city assessors who submit real estate transfer documents and who participate with the agency in review and use of the database derived for the equalization process. The envisioned application would allow for improved access to data during processing and after the documents were accepted and reduce the time required to establish each record as acceptable for future use. Within IDR it is expected that this modernization will reduce costs for data capture, processing and review of the data.

Acceptance of these applications is expected to be great

As OVER 90% of the RESPONDENTS to IDR CUSTOMER SURVEYS INDICATE THAT if IDR CREATES ADDITIONAL E SERVICE APPLICATIONS THEY WILL USE THEM!

2. MARKETING AND EDUCATION-Building on the applications completed in FY 04 and FY 05 the agency intends to further the acceptance of e-filing of tax returns through a concerted effort of marketing/education regarding current and developing E Service programs. The marketing will include direct mailings, limited media buys and increased use of department customer education staff to provide direct education and training throughout the state.

While the acceptance of electronic filing applications for individual income taxes will have increased to 65% or greater in FY 05, there is clearly a need for additional marketing to the remaining 500,000 taxpayers continuing to file paper tax returns. IDR has anticipated that the Business E-File applications being developed in FY 05 will require additional educational efforts. The population of potential users is extensive with over 200,000 businesses eligible for E-File. The challenge is perhaps greater than for income taxes due to the diversity of the business filers (i.e. geographic as well as differences in nature of business and degree of technology literacy).

The critical need is to educate and inform taxpayers of the benefits which include:
oImproved accuracy in data preparation
oReduction in time required for processing of taxpayer refunds
oReduced costs for tax return and tax remittance preparation

To support the increased utilization of the applications, the department intends to continue to enhance the Customer Service support it provides. Additional staffing and enhanced electronic means of communication along with increased services from the department service provider are all part of this effort. With the substantial investment in the applications and technology that has occurred in previous years, a marketing program targeting the remaining paper filers appears to have a high return for a reasonably modest investment. As one of our customers indicated in a recent survey,

"WE WISH WE HAD BEEN AWARE OF THE EASE OF FILING OUR TAXES ELECTRONICALLY EARLIER. THE EFFORT WE MADE TO FILE ON PAPER SEEMS SO COMPLEX NOW THAT WE HAVE USED YOUR INCOME APPLICATION."

3. PROCESSING RE-ENGINEERING-Under the FY 06 ETA program the department intends to complete the examination of alternative processes for managing IDR data captured from paper filed returns. The scope

of taxes administered by the agency will necessitate that paper processing continue for several taxes for some time. Providing for enhanced services includes:

oIdentification of alternative means for data capture other than traditional heads down large volume data capture activities

oOnline storage of data from paper returns eliminating data capture in some cases and possibly elimination of the paper file storage requirements that require retention of documents for up 3 years or longer

oEvaluation of alternative technologies to the current IDMS based mainframe infrastructure eliminating costly mainframe licensing for IDMS software.

Taking advantage of these opportunities will provide the agency with enhanced effectiveness in processing of traditionally filed documents. Savings in interest costs incurred for refunds and reduced storage costs for paper documents are anticipated. In addition, IDR staff will be able to provide improved service to external customers who contact the agency by eliminating the need to "pull your return" and "call you back"

c. Citizen Impact

Summarize how the project leads to a more informed citizenry, facilitates accountability, and encourages participatory democracy. If this is an extension of another project, what has been the adopted rate of Iowa's citizens or government employees with the preceding project?
Response:

A.The department serves in excess of two million customers of which the majority come into contact with the agency through filing and payment of individual income, sales, use and withholding taxes. The department recognizes that providing web-enabled access to information will improve the efficiency of operations and provide improved service to the users of these systems in several important ways.

B. The effectiveness of traditional processing, deposit, enforcement and collection services must be improved even while we continue to emphasize electronic filing. With over $5.0 billion of tax collections and 3 million tax documents processed annually providing modern processing solutions is critical to the state and its customers

C.Maintaining the security of tax return information is also a key component of the initiative. More than most government organizations, the department must insure that data is secure during transmission, while stored and when retrieved. The agency has committed substantial funds to building a secure network infrastructure that meets IRS and state requirements. The proposal will insure the continuity of this security infrastructure as we conduct business electronically with our customers.

d. Public Health and/or Safety

Explain requirements or impact on the health and safety of the public.
Response:

Evaluation (10 Points Maximum)

- Minimally improves Customer Service (0-3 points).
- Moderately improves Customer Service (4-6 points).
- Significantly improves Customer Service (7-10 points).

Evaluation (15 Points Maximum)

- Minimally directly impacts Iowa citizens (0-5 points).
- Moderately directly impacts Iowa citizens (6-10 points).
- Significantly directly impacts Iowa citizens (11-15 points).

F. Process Reengineering

Provide a pre-project or pre-expenditure (before implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens interact with the current system.
Response:

The proposal would allow the agency to extend its successful implementation of e-services to other tax types and program areas. In addition a re-engineering of current data capture and processing procedures

is anticipated.

Provide a post-project or post-expenditure (after implementation) description of the impacted system or process. Be sure to include the procedures used to administer the impacted system or process and how citizens will interact with the proposed system. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.
Response:
Re-engineering of several processes will be enabled through use of alternative technologies. Electronic submission and electronic retrieval of information necessary to conduct business with the state will be the key objective. However, rather than simply automating these processes, the agency intends to examine the functions as the applications are initiated. These efforts as explained throughout the proposal are anticipated to provide increased customer service and reductions in costs of operation in several critical areas.

[This section to be scored by application evaluator.]
<u>**Evaluation**</u> **(10 Points Maximum)**

- <u>Minimal</u> use of information technology to reengineer government processes (0-3 points).
- <u>Moderate</u> use of information technology to reengineer government processes (4-6 points).
- <u>Significant </u>use of information technology to reengineer government processes (7-10).

G. Timeline

Provide a projected timeline for this project. Include such items as planning, database design, coding, implementation, testing, conversion, parallel installation, and date of final release. Also include the parties responsible for each item.

Response:

As discussed in earlier sections, the ETA proposal is inclusive of several steps and builds on the successful implementation of modules implemented in recent years. To continue the success the department anticipates continuation of certain planning steps in FY 05 allowing for various implementation actions to

occur in FY 06. 1. DEVELOPMENT OF ADDITIONAL E-SERVICES – o Design of application business requirements will be completed in FY 05 in anticipation of funding availability o Infrastructure capacity review will be completed based on business requirements during FY 05. o Completion of Applications on quarterly basis during FY 06 will be possible through the use of reusable objects and business logic o Real Estate Tax Transfer Application – ----Detailed design documentation and selection of vendor for application development will occur prior to June 2005 under assumption that funding will be approved. ---Infrastructure capacity review will be completed based on business requirements during FY 05 ---Design and construction of application and database will occur prior to January 2006 using a modular approach ---Redesign of documents to support electronic filing will occur prior to March 2006 ---Education of local official and process redesign will occur in March to June 2006 prior to July 2006 implementation 2. EXPANDED MARKETING AND EDUCATION PROGRAM FOR E SERVICES APPLICATIONS o In anticipation of funding, IDR will develop strategy for increased educational efforts during FY 05 using existing staff and funds for professional services as needed o Direct mailings to selected taxpayers at critical filing dates beginning in September 2005 o Educational seminars scheduled at local sites (Community Colleges, Business Locations, Libraries and other locations) throughout FY 06 o Media Marketing efforts to be developed in conjunction with critical filing dates throughout FY 06

[This section to be scored by application evaluator.]

Evaluation (5 Points Maximum)

- The timeline contains several problem areas (0-2 points)
- The timeline seems reasonable with few problem areas (3-4 points)
- The timeline seems reasonable with no problem areas (5)

H. Funding Requirements

On a fiscal year basis, enter the estimated cost by funding source: Be sure to include developmental costs and ongoing costs, such as those for hosting the site, maintenance, upgrades, ...

	FY06		FY07		FY08	
	Cost($)	% Total Cost	Cost($)	% Total Cost	Cost($)	% Total Cost
State General Fund	$2,103,750	73%	$825,000	62%	$950,000	66%
Pooled Tech. Fund /IowAccess Fund	$792,000	27%	$500,000	38%	$500,000	34%
Federal Funds	$0	0%	$0	0%	$0	0%
Local Gov. Funds	$0	0%	$0	0%	$0	0%
Grant or Private Funds	$0	0%	$0	0%	$0	0%
Other Funds (Specify)	$0	0%	$0	0%	$0	0%
Total Project Cost	$2,895,750	100%	$1,325,000	100%	$1,450,000	100%
Non-Pooled Tech. Total	$2,103,750	73%	$825,000	62%	$950,000	66%

[This section to be scored by application evaluator.]

Evaluation (10 Points Maximum)

- The funding request contains questionable items (0-3 points)
- The funding request seems reasonable with few questionable items (4-6 points)
- The funding request seems reasonable with no problem areas (7-10)

I. Scope

Is this project the first part of a future, larger project?
☐ YES (If "YES", explain.) ☑ NO, it is a stand-alone project.

Explanation:

Is this project a continuation of a previously begun project?

☑ YES (If "YES", explain.)

Explanation:
Electronic Tax Administration initatives have since FY 01 been partially funded from Pooled Technology resources. To eliminate funding at this time will in effect result in obsolescence in initial applications and will preclude the completion of applications for which design work had begun

J. Source of Funds

On a fiscal year basis, how much of the total project cost ($ amount and %) would be <u>absorbed</u> by your agency from non-Pooled Technology and/or IOWAccess funds? If desired, provide additional comment / response below.
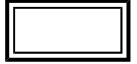
Response:
Nearly THREE-FOURTHS of funding for project will be dervied from department operating budget. ($2.1 million or 72.5% of total estimated expenditures of $2.9 million)

[This section to be scored by application evaluator.]

<u>**Evaluation (5 Points Maximum)**</u>

- 0% (0 points)
- 1%-12% (1 point)
- 13%-25% (2 points)
- 25%-38% (3 points)
- 39%-50% (4 points)
- Over 50% (5 points)

Section II: Financial Analysis

A. Project Budget Table

It is necessary to <u>estimate and assign</u> a useful life figure to <u>each</u> cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all <u>new</u> annual ongoing costs that are project related.

The Total Annual Prorated Cost (State Share) will be calculated based on the following equation:

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right) \times \%\ State\ Share\right] + \left(Annual\ Ongoing\ Cost \times \%\ State\ Share\right) = Annual\ Prorated\ Cost$$

Budget Line Items	Budget Amount (1st Year Cost)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$2,053,740	4	100.00%	$0	0.00%	$513,435
Software	$50,000	4	100.00%	$0	0.00%	$12,500
Hardware	$0	3	0.00%	$0	0.00%	$0
Training	$0	4	0.00%	$0	0.00%	$0
Facilities	$0	1	0.00%	$0	0.00%	$0
Professional Services	$792,000	4	100.00%	$1,327,000	100.00%	$1,525,000
ITD Services	$0	4	0.00%	$0	0.00%	$0
Supplies, Maint, etc.	$0	1	0.00%	$0	0.00%	$0
Other	$0	1	0.00%	$0	0.00%	$0
Totals	$2,895,740	---	---	$1,327,000	---	$2,050,935

B. Spending Plan

Explain how the funds will be allocated.

Response:

Funds will be allocated according to spending plan approved by Agency Management. A budget for

planning purposes has been prepared and approved by management with estimated expenditures for each program area described above.

C. Tangible and/or Intangible Benefits

Respond to the following and transfer data to the ROI Financial Worksheet as necessary:

1. Annual Pre-Project Cost - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation. **Quantify actual state government direct and indirect costs** (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation.
Describe Annual Pre-Project Cost:

Costs of department processing activities are not separately estimated for areas identified for new E-File applications. Costs of maintaining current processing and legacy databases are also not separately available but are known to be increasing.

Quantify Annual Pre-Project Cost:

	State Total
FTE Cost (salary plus benefits):	$0.00
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$0.00
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$0.00
Total Annual Pre-Project Cost:	$0.00

2. Annual Post-Project Cost - This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation. **Quantify actual state government direct and indirect costs** (personnel, support, equipment, etc.) associated with the activity, system or process after project implementation.
Describe Annual Post-Project Cost:
Costs will be reduced in some areas, however savings will be allocated to fund operational costs of E Services program

Quantify Annual Post-Project Cost:

	State Total
FTE Cost (salary plus benefits):	$0.00
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$0.00
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$0.00
Total Annual Post-Project Cost:	$0.00

3. Citizen Benefit - Quantify the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time.

Describe savings justification:

Transaction Savings

Number of annual online transactions:	1
Hours saved/transaction:	1
Number of Citizens affected:	400,000
Value of Citizen Hour	35
Total Transaction Savings:	$14,000,000
Other Savings (Describe)	$0
Total Savings:	$14,000,000

4. Opportunity Value/Risk or Loss avoidance - Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or Federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response:

Continued successful expansion of E Services applications and the re-engineering of front-end processing procedures will result improvements in processing time of several tax types with the potential of reducing interest costs for tax refunds. In addition, the improvements in processing and legacy application design will enhance the agency's capabilities to maintain the back-end processing systems that utilize the data. Current costs of operations for these systems should be reduced if the agency can migrate to a modern solution

5. Benefits Not Readily Quantifiable - List and summarize the overall non-quantifiable benefits (i.e., IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.).
Response:
IDR continues to be a leader in the delivery of electronic services for our customers. Whether it be the

opportunity to file electronically---nearly 3.8 million income tax returns filed electronically in the past 10 years --or the electronic payment of taxes—over 60% of taxes are paid electronically, customers have already benefited from improved accuracy, speed and simplification of E Services. Leveraging the current investment will allow the agency to offer similar benefits to other taxpayers and to increase the awareness of the current program. Additionally the agency intends to take significant steps to improve the processes of capture and retrieval of data obtained from tax returns whether filed on paper or electronically. Innovation has and continues to occupy a primary role in IDR strategic planning as the agency continues to work to reduce costs of processing operations and redirect resources to taxpayer education and service

ROI Financial Worksheet	
A. Total Annual Pre-Project cost (State Share from Section II C1):	$0
B. Total Annual Post-Project cost (State Share from Section II C2):	$0
State Government Benefit (= A-B):	$0
Annual Benefit Summary:	$0
State Government Benefit:	$0
Citizen Benefit:	$14,000,000
Opportunity Value or Risk/Loss Avoidance Benefit:	$0
C. Total Annual Project Benefit:	$14,000,000
D. Annual Prorated Cost (From Budget Table):	$2,050,935
Benefit / Cost Ratio: (C/D) =	6.83
Return On Investment (ROI): ((C-D) / Requested Project Funds) * 100 =	1,508.72%

[This section to be scored by application evaluator.]

<u>**Evaluation (25 Points Maximum)**</u>

- The financial analysis contains several questionable entries and provides minimal financial benefit to citizens (0-8 points).
- The financial analysis seems reasonable with few questionable entries and provides a moderate financial benefit to citizens (9-16 points).
- The financial analysis seems reasonable with no problem areas and provides maximum financial benefit to citizens (17-25).

Note: For projects where no State Government Benefit, Citizen Benefit, or Opportunity Value or Risk/Loss Avoidance Benefit is created due to the nature of the project, the Benefit/Cost Ratio and Return on Investment values are set to Zero.

Appendix A. Auditable Outcome Measures

For each of the following categories, <u>list the auditable metrics for success </u>after implementation and

1. Improved customer service

Customer Service Evaluations will be conducted as part of service delivery, target will be to achieve a 90% satisfacion rating.

2. Citizen impact

Reduction in costs for tax return preparation for those using services will be measured.

3. Cost Savings

Department will measure program effects in conjunction with other program measurements to document that savings in costs of processing or customer service; these will include program costs for processing of tax returns; costs for department distribution of paper documents; costs for processing of information necessary for local tax administration etc.

4. Project reengineering

Agency will examine programs to determine if improvements in service delivery can be documented.

5. Source of funds (Budget %)

73% of funds are from department operating budget; i.e IDR is willing to provide $ 3 for every $1 of Pooled Tech Funding!

6. Tangible/Intangible benefits

Employee satification will be measured to insure that benefits of program are fully understood within organization